

# **RHODE ISLAND PUBLIC TRANSIT AUTHORITY**

## **BOARD OF DIRECTORS**

### **MINUTES OF Thursday, August 21, 2008 MEETING**

**Board Members Present: John Rupp, Vice-Chair; Thomas Deller; Edward Field; William Kennedy; Rochelle Bates Lee; Director Michael Lewis; and John MacDonald.**

**Also Present: Alfred J. Moscola (General Manager); Lori Caron Silveira (Outside General Counsel); Andrew Prescott (Outside Labor Counsel); Henry Kinch; Deborah Dawson; Maureen Neira; Mark Therrien; Ellen Mandly, and other members of RIPTA's senior staff and members of the public whose names are listed on the meeting sign-in sheet.**

**Agenda Item 16: Vacancy in the Office of Chair Created by the Resignation of Robert Batting**

**John Rupp, Vice Chair, called the meeting to order at 10:20 a.m. and began by addressing agenda item 16, the vacancy in the office of chair created by the resignation of Robert Batting. He stated that Mr. Batting had tendered his resignation and the Governor had accepted**

it. Mr. Rupp expressed thanks to Mr. Batting for his efforts on the RIPTA Board and said he would be missed.

#### **Agenda Item 1: Approval of Minutes of July 21, 2008 Meeting**

Mr. Rupp took up the first agenda item, requesting comments on the July 21, 2008 meeting minutes. Mr. MacDonald made a motion to approve them as presented with one minor change suggested by Mr. Field. Mr. Kennedy seconded the motion; the minutes were unanimously approved.

Mr. Rupp then asked for a clarification on the status of the by-laws revision and requested a formal motion for staff to move forward with the revision. Mr. Kennedy made the motion and Mr. Field seconded it; it passed unanimously. Answering a query from Mr. MacDonald, Ms. Silveira said Mr. MacDonald's comments were being incorporated into the original draft and Mr. Rupp invited the other Board members to give their comments to Ms. Silveira.

Mr. Deller asked about Mr. MacDonald's revisions. Ms. Silveira explained that Mr. MacDonald had made suggestions on the first draft, and that she and Mr. Licht were preparing a revised draft. Mr. Deller asked to see a rough draft and Ms. Silveira said she would circulate the rough draft and Mr. MacDonald's suggested revisions.

Mr. Rupp asked that all comments be given to Ms. Silveira as soon as

**possible so that a draft of the by-laws would be available for the next meeting.**

## **Agenda Item 2: General Manager's Report**

**Mr. Moscola began with a monthly fuel update, indicating that the high for the current fiscal year is \$4.51 per gallon, the low is \$3.40 and the average is \$3.90; the budgeted price is \$4.50. Mr. Moscola said fuel is a critical budget item, its price is fluctuating, and while he is pleased with the current downward trend, RIPTA must remain cautious.**

**Mr. Moscola thanked Director Lewis and DOA Director Williams for their participation in Governor Carcieri's Blue Ribbon Panel on transportation needs, infrastructure and funding. He noted that Mark Therrien made a presentation to the panel on RIPTA's financial situation at the August 8th meeting.**

**Mr. Moscola reported that RIPTA assisted the American Public Transportation Association (APTA), the Community Transportation Association of America (CTAA), and the American Association of State Highway and Transportation (ASHTO) in hosting the State Public Transportation Partnership that was recently held in Providence.**

**Mr. Moscola reported that the first trolley in the conversion program**

was completed and on display outside the building. Mr. Moscola urged the Board members to take a look at the quality work performed by RIPTA's mechanical staff. He detailed some of this work undertaken in the conversion process, and said the trolley would remain at Elmwood for a few days to test run it, before it went to Newport. Mr. Moscola said another trolley is about 65% converted; and the goal is to have three trolleys completed by September 30th and sent to Newport.

Mr. MacDonald asked when the state would remove the CNG station from RIPTA's property. Mr. Moscola replied that as soon as the conversion of three of the five vehicles is complete, he will send a letter to the state requesting removal of the CNG station. RIPTA anticipates this removal will save \$72,000 for the remainder of the fiscal year.

Mr. Kennedy said he watched some of the conversion process on a very hot day this summer and he commended the RIPTA mechanics for their hard work. He expressed appreciation for the great job done by the staff. Mr. Moscola thanked him for his comments and said when the first trolley is sent to Newport a ceremony will be scheduled, and the Board will be invited to attend. This completed Mr. Moscola's report.

Mr. Rupp brought up a letter, included in the board package, that was drafted by staff at the board's request and directed to Governor

**Carcieri, state legislators and budget office personnel, informing them of RIPTA's budget deficit and potential service reductions. Mr. Rupp has received some comments on the letter from various board members and had discussed it with Mr. Deller. Mr. Deller said that it is important that this letter, as well as all communications, be very direct and specific. He said the letter should have three basic parts. It should highlight that RIPTA is a good system that requires additional funding in order to be maintained. Two, it must acknowledge that RIPTA recognizes that additional funding is not readily available and thus must detail the types of steps that will be necessary in order to address the problems. Mr. Deller opined that these steps include re-introduction of different rate/zone structure, a charge for some rides that are currently free, and some cuts in expenses. Third, the letter should state that if there isn't an ability to fill the gap, there will be service cuts and the impact of those cuts should be clearly illustrated.**

**Mr. Deller said it was necessary to communicate that if the cuts take place, the impact will extend to the state's economic development. He stressed that it is important to build the system and supply the service and these are not possible without the proper funding.**

**Mr. MacDonald said as Treasurer he would like to see meetings scheduled with the goal of developing a proposal to change the way RIPTA is funded. Mr. Deller asked if Mr. MacDonald's approach was similar to the focus of the Blue Ribbon Panel, and Mr. MacDonald**

responded that it was different. Director Lewis commented that this is a good, necessary idea, but suggested that he and Mr. MacDonald discuss the proposal in relation to the Blue Ribbon Panel to ensure there are no conflicts. Mr. MacDonald said the Blue Ribbon Panel would be considered. Mr. Rupp reiterated the need to coordinate ideas and supported the concept of “thinking outside of the box”.

Mr. Rupp said he feels the board unanimously agrees that maintaining and expanding ridership is vital to the State of Rhode Island. He said RIPTA is seeing different ridership patterns and anticipates that when home heating oil costs increase this winter more people will become dependent on public transportation. Director Lewis said he supported Mr. Deller’s outline of the letter, noting that the third part is the most difficult section. He said that it is necessary that the letter be crafted so that it is not perceived as a nuclear device, that it must reflect the realities as well as incorporate a thoughtful prioritization of service reductions that would have the least impact on customers.

Mr. Kennedy said he has stated for years that funding RIPTA with gas tax revenue no longer works and it has outlived its usefulness. He suggested that now might be the time to incorporate another source of revenue and that utilizing more than one funding source would be similar to how other states fund transit. Director Lewis said the public dialogue over the Blue Ribbon Panel findings and RIPTA’s situation would begin this fall; he cautioned that this dialogue would

be a difficult discussion because the needs are great and there is no silver bullet. Mr. Kennedy commented that there have been Blue Ribbon Panels in the past which have not produced results, and Director Lewis replied that the current panel plans to be very candid.

Mr. Moscola said RIPTA struggles with finances every year due to its funding. He added that FY 2009 and 2010 will be disastrous, that the problem must come to a head, and this is the right time to resolve it given the current demand for public transportation, high cost of fuel and concerns about the environment. He said RIPTA needs to be funded properly, and the funding problems RIPTA is currently experiencing are not unique, noting other transit agencies who are also struggling with high ridership and inadequate funding. He concluded that RIPTA staff would re-work the letter and get the next draft to the board as soon as possible in order to keep the process moving.

Mr. Rupp noted that if taxpayers are going to support funding RIPTA, they must perceive it is worth the investment. He suggested he, Mr. Deller, Director Lewis and Mr. MacDonald work on finalizing the letter and asked Ms. Silveira if the chair alone could sign the letter rather than lose time circulating it to other board members. Ms. Silveira replied she had not seen the letter and therefore could not comment; she asked as a point of order if this discussion was being held under agenda item # 9. Mr. Field said it was part of the General Manager's report.

**Mr. Moscola agreed that having the chair sign would save time, a critical consideration given the impending public hearings and service reductions. After a brief discussion, Director Lewis moved that the Board Chair be authorized to sign the letter on behalf of the Board. Mr. Deller seconded the motion, which passed unanimously. Mr. Rupp asked if he had the authority to send the letter out before the next meeting, and was told he did. Mr. Rupp then arranged for Ellen Mandly to circulate the letter via email to the members of the board.**

### **Agenda Item 3: Sarbanes - Oxley**

**Mr. Rupp said the Sarbanes – Oxley item on the agenda had been added at the request of Mr. Batting prior to his resignation. He opined that Sarbanes – Oxley requirements do not apply to RIPTA but asked if the board would like to adopt similar policies.**

**Director Lewis said there are conflict-of-interest laws governing the State of Rhode Island and all its entities and he would need to see specific reasons why these laws are not sufficient to cover RIPTA before he'd want to enhance them. Ms. Silveira said in her opinion the current ethics statute covers everything appropriately, and some of the bullets, such as section 703, are not applicable. She said the ethics laws are very comprehensive, there is a legal body of rendered opinions, and every public and quasi-public entity operating under**



**this legislation knows to refer to those decisions. She said that everyone is comfortable with this well-developed ethics legislation and the board would not be well served by muddying the waters by excerpting sections of Sarbanes – Oxley, which applies to companies covered by the SEC.**

**Mr. MacDonald agreed with Ms. Silveira's opinion. Mr. Deller said his concern is why Mr. Batting asked that this item be included on the agenda. He said that in the past he and other members of the Board have received anonymous letters making allegations and suggested that if something like this were to happen again, it should be discussed in Executive Session; and if the board determines such allegation has merit, it is the board who should bring the allegation to the Ethics Commission. He said he does not think it is necessary at this point to create additional rules. Messrs MacDonald and Kennedy agreed.**

**Mr. Deller moved that the issue of Sarbanes – Oxley be tabled. Mr. MacDonald seconded the motion, which passed unanimously.**

#### **Agenda Item 16: Vacancy in the Office of Chair Created by the Resignation of Robert Batting**

**Mr. Rupp moved to again address item # 16, the vacancy of the board chair created by Robert Batting's resignation. Mr. Rupp asked how this vacancy should be addressed. Mr. MacDonald responded that**

there is no requirement to fill the position in either the current by-laws or in the most recent iteration of the revision to the by-laws. He said under the current by-laws, the Vice Chair could serve as the Acting Chair until the next required election in April. Mr. Deller said he has been on the Board for eleven years, four of them as Chair, and that the board does not function very well with vacancies. He noted that it was difficult at times to move forward due to the vacancies, saying it is important to elect a chair, fill the vice chairmanship, and move forward.

Mr. Deller motioned that the board move forward with an election of officers and that Mr. Rupp be elected Chair. Mr. MacDonald seconded the motion, which passed unanimously.

Ms. Lee noted that the position of Vice Chair was now vacant and nominated Tom Deller as Vice Chair. Director Lewis seconded the motion, which passed unanimously.

Mr. Rupp noted that the Secretary position was now vacant, and Mr. Deller suggested that Ellen Mandly act as Secretary. Ms. Silveira said it is necessary to elect a board member. Mr. Deller made a motion to nominate Ed Field as Secretary. Mr. MacDonald seconded this motion, which passed unanimously.

Mr. Rupp thanked his fellow board members. He said there have been some difficult times, but he sees the board now functioning

more cohesively. He said he is ready to move forward and thanked the board for its support.

#### **Agenda Item 4: Salaried Pay & Fringe Benefits; Adopt Federal Government Guidelines “Use it or Lose it”**

Mr. Rupp addressed agenda # 4, noting Mr. Batting had requested it. Mr. Rupp said there had been some discussion about incorporating the federal government’s guidelines of “use it or lose it” in relation to certain benefits, and that it would demonstrate to the Governor the sacrifices RIPTA would potentially make. He said he was being very specific in using the word “sacrifices” because these are give backs, which are very personal and come out of people’s pockets. He asked Mr. MacDonald for his thoughts on the issue.

Mr. MacDonald said RIPTA should mirror what the State is asking of its own non-represented employees. He said the State has adopted a sliding scale of premium co-shares, referencing a memo from Director Williams, which discusses the co-shares, and sets a limit of \$1,000 on the medical incentive payment. Ms. Lee asked for a recap of the memo. Mr. MacDonald said it provides for a sliding scale of co-pays with the highest paid employees paying the highest co-pay. As Mr. MacDonald was discussing the memo Ms. Silveira asked for clarification as to which agenda was under discussion, and was informed that the discussion was pursuant to #4. She said she is not aware of any “use it or lose it” policy related to benefits offered by

**the federal government to its employees.**

**Director Lewis opinioned that the Board is responsible for setting policy and would need to discuss how to structure benefits. Mr. Kennedy said if RIPTA employees were going to have to pay the same as State employees for their medical, then they should get all the benefits state employees receive, citing pension benefits as one. Mr. MacDonald disagreed, saying RIPTA should require no more or no less than the state requires of its employees in terms of medical premium co-shares.**

**Mr. Kennedy said he was opposed and that 26 people would not make a difference to the deficit; he said these people are being treated as sacrificial lambs for a political situation. He added that they have a reasonable expectation of certain benefits and to change them would not be fair.**

**Ms. Lee asked that the reduction package previously considered by the board be clarified. Mr. Moscola replied that it was similar to State policy, but not identical. He added that he was seeing Director Williams' memo for the first time and was not prepared to comment. He explained that the previous proposal was predicated upon a request from Mr. Batting, and that the proposal before the Board today represents reductions in the compensation package, and includes non-represented employees giving up raises. Mr. Moscola said that the staff worked very hard over the last fiscal year for that**

raise. He said the co-pay and “use it or lose it” items all came from Mr. Batting, and were tabled at the last meeting, which is why the matter was on the agenda again.

Mr. Deller asked for the memo from the last meeting. He said since he has worked for the City of Providence he has forgone raises or had his pay or health benefits cut to achieve a balanced budget. He said the amount is minor but it is a symbolic act that recognizes the difficulties RIPTA is facing. Mr. Deller said it is not something he supports easily or thinks will save significant money, but it needs to be considered. He added that if the board takes this action and RIPTA later receives additional money, it is possible to return the dollars taken from the employees.

Mr. Deller said there were three distinct issues on the agenda. One is a 3.5% cost-of-living increase that all RIPTA employees, except management, have received. He said State employees also have received an increase. Mr. Deller said he believes a symbolic action should be taken, but wondered if employees should be granted the salary increase and required to take furlough days for the equivalent amount of money. In this way, management salaries would progress along with the union employees, while the furlough days, in fact, would reduce their income.

Mr. Kennedy said he disagreed 100% because taking away anything from the non-represented employees is unjust and a violation of their

dedication and loyalty to RIPTA. Mr. MacDonald countered that RIPTA cannot go into union negotiations and ask for concessions if management doesn't make concessions. Mr. Kennedy replied that the legislators refuse to make concessions on their own benefits and Mr. MacDonald replied that this board has no control over what the legislature does and the Board has a fiduciary responsibility to this entity.

Ms. Lee said this matter is being framed as policy issue, not an issue of dollars, whether a furlough model or a cost of living freeze. She said it is necessary to keep in mind that pay scales must be considered so that supervisors don't end up earning fewer actual dollars than their subordinates.

Mr. Field suggested the board not micromanage the General Manager and his staff in terms of policy; he said in some cases many state employees make more money than the Governor due to overtime and there is nothing to stop it.

Mr. Deller said the board needs to set the policy and, with deference to Mr. Kennedy, that the board needs to start taking some actions and the actions under discussion were symbolic. He said he would prefer for employees to get the cost-of-living increase and take it out in furlough days so there is no pension impact. Mr. Kennedy said he understood, but still adamantly disagreed, stating that it is easy for the board to make decisions for people who are not millionaires.

**Director Lewis responded that decisions are not easy, and the board feels for the management employees but with the issues RIPTA currently faces, if some changes are not made, a much bigger problem will result.**

**Mr. MacDonald defended his proposal and said that mirroring the State's plan would result in taking less from the staff than the staff had proposed. Ms. Silveira made a point of order, saying if the board is going to consider the memo dated July 14, 2008 or, as Mr. MacDonald has proposed, something comparable to the State's proposal, this would need to be on the agenda for the next meeting because this conversation is not noticed on today's agenda.**

**Mr. Rupp suggested the entire discussion goes to the merits of the document, but moved that staff put together a policy for a vote with input from Mr. MacDonald and based upon the prior memo for the next meeting. Mr. Field made the motion as proposed and Mr. Deller seconded it. Mr. Rupp asked if the motion was unanimous, and Mr. Kennedy was the only one opposed.**

**Mr. MacDonald clarified that the motion was to postpone this discussion and undertake further study. Ms. Silveira clarified that staff also needed to develop a policy based on the July 14 memo.**

**Agenda Item 5: Status of Pension Funding**

**Maureen Neira began by discussing the one page document from the board package entitled “RIPTA Salaried & Hourly Pension Plan funding status,” which summarizes the funding over the past six years of each plan. She pointed out that the last column indicates the percentage of the plan funded and noted that for the salaried plan the percent funded has increased by 10% over the last 6 years and the plan is funded almost 61% as of 2008. She said this does include the updated mortality table and evaluation. In the case of the hourly plan, the percentage funded has increased by 15% since January 2003 from 46% to 62%.**

**Mr. Deller asked if RIPTA was contributing additional money, and if that is how the funding has improved, and Ms. Neira replied that RIPTA pays only the annual required contribution. Mr. Deller suggested the increase was from fully funding the plan and good investments, and Ms. Neira agreed.**

**Mr. Deller said the board needs to ensure that the money is there and the plan is fully funded for employees in the future. He said it would be useful to have quarterly or biannual updates on the pension plan, and also think about how to fully fund the plan. Mr. Deller acknowledged that it is easy to consider cutting back on contributions in tough fiscal times, but there should be a percentage target above the required allocation to try to close the gap. He said this needs serious consideration and suggested a work committee be created to study this issue.**



**Ms. Neira said RIPTA's actuary and investment manager were already asked by the JPB to attend the September meeting. Mr. Deller asked if they would present to the JPB or the Board. Ms. Neira responded that the presentation was scheduled for the JPB and Mr. Deller suggested all board members should attend the JPB meeting.**

**Ms. Lee asked for clarification on which mortality table were being used, and Mr. Moscola responded that RIPTA had moved from using the GAM 83 to RP 2000. Mr. Moscola said he agrees with Mr. Deller and that steps should be taken to reduce the unfunded liability, and also that it's necessary to review current investments. Mr. Deller responded that as a board it is necessary to set policy so staff knows what the board wants.**

**Mr. Rupp agreed, saying the number of retirees is expected to spike in the coming years and it is necessary to ensure they are covered. He noted that if more is contributed to the pension, it would have to be taken away from somewhere else, but he agrees that funding the pension is important and for the time being the board should receive quarterly reports. He added that the numbers looked good.**

#### **Agenda Item 6: Senator Ciccone's Letter Dated July 9, 2008**

**Before Mr. Rupp addressed agenda item # 6, Ms. Silveira noted that Senator Ciccone's letter fit into the exception in the Open Meetings**

**Act under collective bargaining. She said that while the letter had been included in the package, any discussion on collective bargaining should take place in closed session.**

**Mr. MacDonald disagreed with Ms. Silveira's opinion because the letter contains a misunderstanding. Mr. Moscola added that he agreed with Mr. MacDonald. Ms. Silveira replied she had no problem with discussing the funding referenced in the letter.**

**Mr. Deller clarified that the letter erroneously states that RIPTA had received additional money. Mr. Moscola explained that for several years Senator Reed had obtained ITS money for RIPTA, that RIPTA received the final segment of the money for ITS, and the Senator held a press event to announce this. Mr. Moscola stressed the money is strictly earmarked for ITS and could not be used for any other purpose. Mr. Moscola said Senator Ciccone might have thought the \$1.4 million received could be used for operating funds, but that is not the case.**

**Ms. Lee asked why the letter was put on the agenda and Mr. Deller replied that it was another request from Mr. Batting. Mr. Deller discussed bullets a) and b, noting these two points were always a source of debate by Mr. Batting. Mr. Deller said using the funds in this manner is permitted, that Mr. Doyle from the FTA had addressed the board and explained that this use of the funds was acceptable. Mr. Deller said that this is another policy issue for the board. He said**

including capital dollars as operating funds should not be automatic; instead, it should be a decision made at each juncture, and RIPTA should try to balance the budget based on the operating dollars available. He said the board has not clearly stated this through the years, that the policy should be reviewed, and staff instructed to not use capital dollars for operating funds in the first draft of the budget. Mr. MacDonald added that formula funding can't automatically be used either.

Mr. Rupp said it may be legal, but the question is whether it is good policy. Director Lewis agreed and said once it's there, it becomes a crutch, and RIPTA needs to think of the implications and figure out how to wean the budget from this process because it can't be done overnight. Mr. Moscola said it represents \$11 million dollars in the budget and fortunately it has not had a negative effect on bus purchases or the new paratransit center.

Mr. Rupp questioned how this should be approached, and Mr. Deller said a board retreat is needed where the matter could be discussed and specific issues clarified.

Mr. Rupp asked the General Manager to respond to Senator Ciccone and correct the inaccurate statement and Mr. Moscola said he would.

**Agenda Item 7: RIde Update**

**Agenda Item 13: RIde Contract Extension**

**Mark Therrien provided an update on the Ride Program. He said the new software programs and hardware installation are in their fifth month. He said the scheduling software program is running fine, and most of the problems encountered in the initial months are almost fully resolved. He said the installation of the on-board computers, “the mentors,” is about one half complete and operators are utilizing the new system, while also keeping the manual records during the initial period. Mr. Therrien described how the mentor GPS system works to identify customers and other data.**

**He noted that the next phase, the implementation of the IVR, which is the voice response system, has begun. He explained that this is the phone call back system, which should be up and running in the near future. Representatives from the software provider Routematch were at RIPTA to assist with a full analysis of the system to determine the system’s efficiency. Mr. Therrien reported a marked increase in efficiency, saying that the number of taxis is down significantly; he will provide additional analysis to the board in the coming months.**

**Mr. MacDonald said he had heard about a slight hardware glitch with the IVR and Mr. Therrien said it was related to the phone system, and these things are being addressed. Mr. Rupp asked for a list of the factors that staff will use to measure efficiency.**

**Mr. Therrien addressed item b) page 60 of the Abrams report and**

referred to the one page sheet in the board package. He noted there were major changes in '03 and '04 because mileage and hours increased as a result of the State bid that changed the design of the system, a matter which staff has previously discussed with the board.

In the last couple of years, mileage and hours have gone up while the ridership has gone down slightly. Mr. Therrien noted a transition with the meal site trips, which are usually group trips, reporting that they are shrinking because passengers are taking individual trips as ADA clients, which RIPTA rather than RIDEA has to pay for. He said that ADA allows people the liberty to come and go at will, which costs RIPTA efficiency opportunities. He said staff is meeting with DEA and Human Services to try to make things more efficient. He said dialysis and day care centers are private non-profits that have made changes to make them more competitive in order to attract customers. Under the Elderly Affairs rules, they bring passengers to the nearest center and people are being pushed to go to other locations under ADA, which costs RIPTA more.

Mr. Deller said it would be helpful, if at the next Board meeting, staff would have a memo that identifies the problems encountered in getting the system up and running, the corrective steps taken, and as Mr. Rupp requested, the types of things that will be done to measure efficiencies and a recommended course of action. Director Lewis asked that a timeline also be included. Mr. Rupp said he'd also like to look at the users of the system.

**Mr. MacDonald asked that the agenda be advanced to address item # 13, the Ride Contract Extension. Mr. Therrien explained the complexity of the issue: RIPTA only has purchasing authority until the end of the month to keep the Ride system running and staff is requesting the board extend the contract for one more month. He said staff is trying to work with the Office of Health and Human Services on how to implement the change and at the same time, work with them to replace the current contract. Mr. Therrien said that the contract can be extended up to July 1st, but at this point OHHS is not moving to achieve this in time. Mr. Therrien said staff is requesting the board's permission to extend the current contract one more month at the current rates, with no increases to the vendors Maher, Northwest and RIPTA, while staff continues to try to work out the issues with OHHS.**

**Mr. Deller asked if staff would ask for another extension in September if the issues were still not worked out; Mr. Therrien replied it is possible. Mr. Deller suggested the board authorize continuing on a month-to-month contract and have staff make monthly status reports to the Board. Mr. Deller pointed out that the service is now being supplied at a loss because OHHS is not acting to get the contract out to bid; the ultimate issue is to get someone in the Governor's office or a legislator to get OHHS to issue an RFP because RIPTA should not have to carry the financial burden for another organization.**

**Mr. MacDonald agreed with Mr. Deller, adding that regardless of any**

action or inaction by the paratransit task force, it is ultimately RIPTA's contract and maybe RIPTA should go forward with the RFP. Mr. Therrien responded with a brief history of the previous RFP process. He said RIPTA recused itself from the process because of its status as a contracted operator and it did not want to influence the bid, which was then redesigned by a consultant hired by a State committee with changes that resulted in much higher costs to RIPTA. The recommendation to award the bid comes from the RIPTA Board; and from a state agency purchasing perspective, they do not want RIPTA to develop the RFP and system design. The next stab at the RFP will begin in January, but Mr. Therrien said it will take a year. He explained that the original bid anticipated losses in the fifth and final year; and it is now 3-months beyond the 5th year and RIPTA is losing money every day on every trip.

Mr. Deller said that the approach of keeping RIPTA out in order to not influence the bid should be examined, and staff should discuss this with Jerry Williams and State Purchasing. He said the current situation is unfair to RIPTA, Northwest and Maher because they are being forced to work at prices set over five years ago, and this issue needs to move forward expeditiously. Mr. Deller said the issue today is the contract extension and he made a motion to authorize staff to move forward with a month-to-month contract extension. Mr. Kennedy seconded the motion and asked how long staff wanted the next contract to run. Mr. Therrien replied that RIPTA would like a five-year contract that is bid annually.

**Ms. Lee asked that the month-to-month contract not be indefinite and Mr. Deller amended his motion to authorize staff to move forward with a month-to-month contract for a time period of 6 months. Mr. Rupp said the issue should be re-visited in December. Director Lewis suggested that 4 months is a better time frame. Mr. Deller amended his motion for the time period to end at the end of December. Mr. Rupp asked that staff provide the Board with an accounting of the losses experienced due to this situation.**

**Mr. Moscola said that he and RIPTA staff would meet with Director Williams on this matter. He said he is concerned that the other two providers are becoming disgusted with this situation. Mr. MacDonald said RIPTA must look at being involved in the RFP. Mr. Therrien agreed that RIPTA needs to be involved in the design of the system, but should not be part of the operator award.**

**Ms. Silveira asked for clarification on the motion and the votes. She said the vote is for management to be given the discretion to renew the contract, or not, month-to-month through December. The motion passed unanimously.**

**Mr. Field asked if it would be helpful for a knowledgeable board member to accompany management on the talks in order to move the process forward. Director Lewis and Ms. Lee volunteered to be the board liaisons on this matter.**



## **Agenda Item 8: Ferry Status**

**Henry Kinch addressed the Board to give a status report on the ferry. Mr. Kinch referenced the one-page document in the board package detailing the number of trips/passengers from July 2007 to July 2008. Mr. Kinch said that due to an increase in the ticket price, inclement weather and the economy, ridership was down 1,432 for 2008, but overall RIPTA is pleased with the ferry performance. Mr. Kinch reminded the board that this is the last year the ferry will be in operation because RIPTA no longer will receive the \$450,000 federal subsidy to operate the ferry. Mr. Kinch then asked the board's permission to put out an RFP for an independent ferry operator. Mr. MacDonald and Mr. Kennedy both supported the idea. Mr. Deller clarified that the RFP Mr. Kinch was suggesting was for an operator to run the ferry without any federal subsidy, but as a RIPTA sponsored operation and Mr. Kinch said yes. He added that there are only a few operators capable of putting out the service; therefore the trips would likely be reduced.**

**Mr. Kennedy said discontinuing the ferry would be a great loss, and Mr. Rupp asked what the cost would be to RIPTA. Mr. Kinch suggested that possibly some grant money could be identified to offset infrastructure and parking, but it would be a small amount of money. Messrs Deller and Rupp agreed that as long as it would not affect RIPTA's operating funds, the RFP is a good idea.**

Next Mr. Kinch discussed subsection b) regarding parking at Conley's Wharf for the Puerto Rico festival, which also was added to the agenda at the request of Mr. Batting. Mr. Kinch explained that Mr. Batting was concerned that spots reserved for RIPTA's ferry passengers would be taken by attendees of the Puerto Rican festival, but heavy rains occurred when the festival took place and it became a moot point.

Mr. Rupp noted for Mr. Batting's benefit that the one-way fares only represent about 11,000 riders not 22,000 because most trips are round trip.

Mr. Rupp called for a five-minute break before moving on to the next agenda item.

#### **Agenda Item 9: FY 2008, FY 2009 and FY 2010 Budgets**

Mr. Neira addressed this agenda item and began by saying that FY 2008 ended on June 30th but the financials are not complete yet and the annual audit is in process. She continued that the deficit number will not be finalized until the September Board meeting, explaining that the \$1.9 million projected deficit is an un-audited number, and there may be adjustments to that figure.

Ms. Neira then gave highlights for FY 08, reporting that RIPTA had

collected \$800,000 or 1% above the budget in revenue. She continued that in spite of the \$2 million shortfall on gasoline subsidy, passenger revenue and other revenue were up.

Ms. Neira continued that the year-end figures show that RIPTA is over budget by about 3.8%, most notably in wages for unscheduled overtime, fringe benefits and fuel, which makes up about 64% of the overage. She said there are several areas that were under expended including vehicle insurance costs, utilities, marketing costs, building repairs and supplies. She said that for FY 08 there is a \$2 million dollar deficit, which will be carried over into FY 09.

Ms. Neira asked for questions and Mr. Rupp noted that fuel prices are dropping and wondered if the gasoline tax was also down. Ms. Neira said the July allotment has not yet been received, and will not be until the following week. Mr. Rupp asked that Ms. Neira call him with the answer next week.

Ms. Neira continued discussing the 2009 budget and said the associated staff summary is a recap of the budget discussions over the last 4 or 5 board meetings. She said budgeted revenues are about 1.5% greater in FY 09 and expenses are 13.7% higher. The actual assumptions used are discussed in the staff summary and Ms. Neira discussed the assumptions in the staff summary for Rltecure and the gasoline tax subsidy in some detail. She said the remainder of the assumptions are pretty straightforward, except that earlier in

the meeting there was a discussion about not relying on federal funds for operating expenses and that could affect the assumptions as the federal funds are embedded in the FY 09 budget. In addition, there are several operating type assistance items that are received, one being the ADA reimbursement. RIPTA's total ADA expenses are close to \$6 million and the reimbursement does not fully reimburse the cost of running the service, but caps it at 10% of the total amount of the funds so RIPTA has about \$25 million worth of federal funds received annually which is capped at about \$2.5 million and another is mobility management.

Ms. Neira continued saying on the expense side, the budget does include the wage increase for all employees, including the additional \$1.7 million for unscheduled wages, which are embedded in the budget. It also includes the non-represented wages, although they have not been paid. She said the health insurance line item includes the working rate, which was revised by the State and is about 10% over last year. In addition, it includes an additional \$500,000 to partially fund GASB 45, which is about 10% over the pay as you go amount that was already embedded in the budget and was approved by the board at a recent meeting. She said it increases fuel by about 87% or \$5.5 million and this represents the bulk of the increase in the budget and adds \$2.10 to the previously budgeted price per gallon of \$2.40 to make it \$4.50 per gallon, which almost doubles the fuel budget. Finally, the budget includes RP 2000, the updated mortality table, and the carryover of a \$2 million dollar deficit from FY 08.

**Ms. Neira said the last 4 pages of the staff summary is the budget broken down by line item and the budget will be broken down this way in the next General Manager's report.**

**Mr. Deller asked why there was a \$1.5 million dollar increase in insurance and Ms. Neira said the budget for FY 08 was set at \$2.4 million and there were anticipated claims that were settled for less, some that have not yet been settled and were moved to FY 09. Ms. Lee asked the source of the claims, and Ms. Neira said vehicle accidents involving buses and noted that RIPTA is self-insured.**

**Mr. Deller asked if the \$675,000 budgeted for the ferry is to complete this season. Ms. Neira said it is for 6-months and although the ferry will not go forward after October, a whole year was budgeted and both the revenue and expense side reflect 6 full months, which is May and June of next year. If the money is not spent, it will be a wash.**

**Ms. Neira said that for FY 2010 there is no paperwork because typically she comes before the board with assumptions for discussion to begin the process. She said that coming out of FY 2009 and into FY 2010 there are many assumptions such as what will happen with the Rlticare Program, what will be the gasoline yield, and what fuel consumption will be, and finally the largest assumption-- the union contracts which expire on 6/30/09. The problem is how to close out FY 2009 and move into FY 2010 because**

of the \$12 million dollar deficit.

Mr. Deller said the Board is working on the letter to go to the Governor and the legislators soliciting ideas. Ms. Neira said that at the September board meeting, normally a budget would be brought forth for approval based on the assumptions. Mr. Deller said it might be necessary to have an extra board meeting in September, and Mr. MacDonald suggested asking the State budget office for an extension. Mr. Moscola supported requesting an extension and Ms. Neira said an extension to October or possibly November would be necessary. She then explained that RIPTA's budget is held by the State and inserted into the budget book in January, however since RIPTA is showing a deficit they may ask for a meeting with staff.

Director Lewis said there maybe no choice but to carry the deficit until some action is taken that changes the current position. Mr. Deller suggested creating the numbers based on the current system and said it may be necessary to submit an unbalanced budget in September. Mr. MacDonald said RIPTA should still ask for the extension.

Ms. Neira asked if the board wanted to discuss handling the preventive maintenance money in September. Mr. Rupp said the board can convene a Finance Committee and should do so with Mr. MacDonald as Chair. He asked that Mr. Deller and Mr. Field also serve if they are willing.

**Ms. Lee asked for clarification and Mr. MacDonald said the Finance Committee would work with Maureen Neira to develop a budget and ask for an extension in the interim. Mr. Deller added that the Finance Committee would develop the framework of the assumptions and the board will ultimately decide the service. Director Lewis suggested Ms. Neira and the Finance Committee number the different versions of the budget.**

**Mr. Rupp asked if there was any public comment on the budget and hearing none moved on.**

#### **Agenda Item 10: Deficit Reduction Plan**

**Maureen Neira addressed the staff summary regarding the FY 2009 Deficit Reduction. She said the staff summary provided a list of budget reductions totaling \$1.4 million. She then discussed the list of revenues and expenses contained in the staff summary and the savings associated therewith.**

**After a brief discussion the board approved the Deficit Reduction Plan proposed by staff, with the exception of the line item for deferring the wage increase for non-represented staff, which totals \$70,000. Mr. Deller moved to approve the plan, minus the \$70,000 line item and Ms. Lee seconded the motion. The motion passed unanimously.**

**Mr. Rupp asked if there were any public comment on this agenda item and recognized Stephen Farrell, President of the Amalgamated Transit Union. Mr. Farrell congratulated Messrs Rupp, Deller and Field on their appointments as Chair, Vice Chair and Secretary of the RIPTA Board. Mr. Farrell then addressed agenda item # 5 and said if there is a work committee formed to study the pension plan investments, he would like to see that committee work with the JPB. He commented on agenda item # 11 regarding service cutbacks on the # 9 line and said two weeks prior a number of politicians sponsored a public hearing in Smithfield and over 80 people attended the hearing along with Mr. Moscola and RIPTA staff. He said all the attendees spoke out against cuts and the message was loud and clear from the northern part of the state – no cuts. He said he hopes the Authority will take this under consideration and not make any service cuts on the # 9 line.**

**Next Mr. Kennedy spoke about today's Providence Journal article regarding Mr. Batting's resignation. He said he is very upset about the Governor's comments regarding the General Manager and RIPTA staff and feels what he said is untrue and unjust. He said everything the Governor and Mr. Batting have requested from staff has been completed, and that under this General Manager's leadership RIPTA has grown and improved. Mr. Kennedy said RIPTA's problem is caused by the gas crisis and not being properly funded. He said RIPTA would always have a deficit unless the funding stream is**



changed. Mr. Kennedy said Mr. Batting's comments were untrue and he supports Mr. Moscola and his staff and they do a good job. The audience responded to Mr. Kennedy's statement with applause.

Mr. Rupp thanked Mr. Kennedy for his comments and then Ms. Lee interjected that there needs to be some protocol regarding the press because there are underlying consequences to being both proactive and reactive. She said she is concerned about how the media is managed and feels it can be done in a much more productive way. Mr. Rupp responded that it is necessary to cooperate with the media, not attempt to manage them.

Mr. Rupp then recognized Paul Harrington who referenced the historical photographs on the wall and said public transit has a rich history in the state of Rhode Island. He said as Chairman he hoped Mr. Rupp would improve transit during his tenure on the Board.

## **Agenda Item 11: Service Reductions/Public Hearings**

As Mr. Therrien was beginning his presentation on Service Reductions/Public Hearings, Mr. MacDonald interjected that the board has expressed its desire to maintain and not cut service and he moved that discussion of the public hearings be tabled. Mr. Deller responded that under the rules and regulations governing service cuts and public hearings this discussion and the public hearings need to move forward. Mr. Moscola agreed and said that the cuts

being considered for implementation in January need to go to public hearings as soon as possible. Mr. Deller asked if the service cuts could be postponed until April and Mr. Moscola responded that postponing the cuts would affect the pick and he would have to have discussions with RIPTA's unions. Mr. Deller noted that it is not possible to carry over the deficit.

Mr. MacDonald commented that the board must consider all options, legally cover all bases, and act judiciously. Mr. Rupp asked if the hearings could be held, and then not implement the cuts and Mr. Moscola responded that was possible. Mr. Rupp said it is important to hear the public's opinion and RIPTA should move forward with the public hearings although it is the will of the Board to not cut service.

Mr. Moscola noted that the general assembly is not back in session until January and then asked if the board wanted to go forward with the public hearings in September or hold them later. Ms. Lee said she would like to have the public hearings held as soon as possible because the voice of the public needs to be embedded in the process and you can't consider service cuts rationally without public input because people do not come out until something is at stake. Mr. Kennedy agreed that public hearings should be held as soon as possible.

Director Lewis agreed that the Board does not want cuts, it would be irresponsible to not discuss the issue, but added that RIPTA and the

**Blue Ribbon Panel need to stay coordinated on the issue. Director Lewis stated that the Blue Ribbon Panel would also be holding hearings in September. Mr. Rupp noted there was some criticism about the fare increases, yet there was low attendance at the public hearings.**

**Mr. Moscola said RIPTA would proceed with the public hearings and bring the comments back to the board and Ms. Lee asked to be sure that RIPTA's hearings are coordinated with the activities of the Blue Ribbon Panel. Mr. Rupp asked which staff member was heading up the hearings and Mr. Therrien said he was the point person. Mr. Rupp asked that he coordinate with Ms. Lee as the Board's liaison on these issue. Director Lewis said the bigger picture should be discussed first and the public hearings should follow.**

**Mr. Field suggested that a motion be made for RIPTA management to conduct public hearings, coordinate with Director Lewis and the Blue Ribbon Panel, and report back to the board its findings as well as a schedule to implement the changes. Mr. MacDonald clarified that the service reductions would be limited to the current year deficit at \$10.8 million. Mr. Kennedy seconded the motion and it passed unanimously.**

**Mr. Rupp reiterated that Director Lewis should coordinate with Mark Therrien.**

## **Agenda Item 12: Trolley Service Adjustment/Route 91 Public Hearings**

**Mark Therrien discussed agenda item # 12. Mr. Therrien elaborated briefly on the staff summary, which had been discussed at a previous meeting, and asked for approval to eliminate the north wing of RIPTA's Gold Line trolley service, effective August 23, 2008, in order to save \$250,000 annually. Mr. Therrien added that public hearings on the matter were very lightly attended.**

**Mr. MacDonald moved to approve the staff summary as presented and Mr. Deller seconded the motion. It passed unanimously.**

## **Agenda Item 14: RFP 08-17 Paratransit Facility/Clerk of the Works**

**Roger Mencarini addressed the Board to discuss agenda item # 14, the paratransit facility clerk of the works. Mr. Mencarini discussed the staff summary and said the clerk of the works would serve as the Authority's on site representative and would be responsible for assisting RIPTA with the administration of the construction contract to insure all work is done in compliance with the terms of the bid specifications.**

**After a brief discussion about liability and reporting responsibilities, Mr. Mencarini said staff requests award of the contract to ANC Consultants of East Greenwich, RI and said the funds for the contract**

were approved as part of the construction funds. Mr. MacDonald moved that the Board award the clerk of the works contract to ANC Consultants. Mr. Kennedy seconded the motion, which passed unanimously.

#### **Agenda Item 15: Special Auditing Firms**

Mr. Field addressed agenda item # 15 regarding special auditing firms and said he had asked Ellen Mandly to add this issue to agenda. Mr. Field said he is acquainted with a company who will audit organizations on a contingency basis and review all payments made by the subject company over a period of time to ensure that no duplicate payments were made, that sales tax and operating contracts were paid properly, etc. He said the company would work independently and would be paid by keeping a percentage of any funds recovered.

Mr. MacDonald commented that RIPTA is already audited annually by the auditor general and an external auditor. Mr. Rupp asked if this audit would be performed at no cost to RIPTA and be as thorough as possible. Ms. Lee asked if they would be trying to detect fraud or inefficiency, and Mr. Field said that was not his suggestion, that the focus would be to find lost money.

After the discussion Mr. Rupp tabled the issue and deferred the conversation of a special auditing firm to the newly formed Finance

**Committee.**

## **Agenda Item 17: Public Comment**

**Mr. Rupp asked for public comments and recognized John Flaherty, Director of Research and Communications for GrowSmart Rhode Island. He described GrowSmart Rhode Island and said he is here today in his capacity as a member of the New Public Transit Alliance and then read a prepared statement, which is attached to these minutes and made a part of the record. Mr. Flaherty invited the Board members and RIPTA staff to attend a summit NPTA is sponsoring on Tuesday, September 23rd to be held at Bank of America in Providence. The purpose of the summit is to review funding reforms that will help avert major service cuts in the short term while looking ahead at opportunities for better transportation.**

**Mr. Flaherty finished by saying RIPTA is a well-run organization, and there are still opportunities for efficiencies, but there has to be a fundamentally sustainable funding mechanism. Mr. Field asked what the New Public Transit Alliance is and Mr. Flaherty said several members were in attendance, Molly Clark from the American Lung Association, Steve Farrell, Tom Cute, James Celenza from RICOSH, the Sierra Club, GrowSmart Rhode Island, the Gray Panthers and others. Ms. Lee asked for more information on the organization and Mr. Flaherty said they have attended the Blue Ribbon Panel meetings as well and heard RIPTA testify before the panel. He said they are**

**focused in particular on opportunities for fundamentally changing the way public transit is funded.**

**Tom Deller asked Mr. Flaherty to get some information on his organization and its mission statement to Ellen so that she could distribute it to the Board and Mr. Flaherty said he would.**

**Mr. Rupp next recognized James Celenza from the Rhode Island Committee on Occupational Safety and Health, who wanted to address the construction of the new paratransit center. Mr. Celenza said his organization is developing new green during construction protocols designed to reduce the level of air toxins produced on construction sites. He said he has an informational package ready and would like some of the protocols contained in it considered for adoption. He said his group is willing to meet and work with RIPTA staff on this issue. Mr. Rupp asked Mr. Celenza to get the protocols to Ellen to distribute to the Board and said they will be given consideration.**

**Finally, Mr. Rupp recognized Bill McGee a retired RIPTA employee who said RIPTA should have a model transit system. Mr. McGee said cutting service is not the answer and talked about different RIPTA routes. Mr. McGee finished by saying the Board needs to listen to RIPTA employees because they could learn a lot. Mr. McGee asked if the Board had questions for him and Director Lewis asked his role at RIPTA. Mr. McGee said he worked in maintenance and was part of**

the union and also worked for Bonanza Bus Company. Mr. Rupp thanked him for his comments and then moved on to the next agenda item.

#### **Agenda Item 18: Executive Session**

Mr. Deller moved that RIPTA adjourn to an executive session, as noticed on the agenda, under sections § 42-46-5(a)(1) to discuss the General Manager's contract and Mr. Kennedy seconded the motion. A roll call vote was taken on the motion to convene to executive session. All members voted to convene the executive session.

Following the Board's return to open session Mr. Deller made a motion to seal the minutes of the Executive Session, and Mr. Field seconded the motion, which passed unanimously.

#### **Agenda Item 19: Adjournment**

A motion to adjourn the meeting was made by Mr. Deller. Mr. MacDonald seconded the motion, which passed unanimously.

Respectfully submitted,

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Ellen M. Mandly



**Recording Secretary**